MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

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FINAL EXAMINATION

TRIMESTER 1, 2016/2017

BGO 3124 – GLOBAL OPERATIONS MANAGEMENT

(All Sections / Groups)

15 OCTOBER 2016
2.30 p.m. – 4.30 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **3 pages** with **TWO SECTIONS**.

2. **Section A:** Attempt **ALL** questions.
   Section B: Choose any **THREE (3)** out of **FOUR (4)** questions.

3. The marks for each question are given at the end of question.

4. Please write all your answers in the **Answer Booklet** provided.

SECTION A: ANSWER ALL QUESTIONS (40%)

McDonald's Corp smashed analyst expectations for quarterly same-restaurant sales as the launch of all-day breakfasts proved a hit with diners in the United States and demand continued to recover in China. The performance adds fuel to McDonald's revival, after the chain had seen its US sales fall for two years up to the third quarter of 2015 following a series of missteps under former chief executive Don Thompson, who left the world's biggest restaurant chain last year.

"Once upon a time, under previous leadership, it seemed like McDonald's became a less nimble company where it took a really long time to roll out new products and innovations," said Morningstar analyst R.J. Hottovy. New chief executive Steve Easterbrook implemented a turnaround plan last year that involved making the menu simpler, improving service times and raising worker wages. McDonald's also launched all-day breakfasts in October in the United States, a move aimed at countering increasing competition from chains such as Wendy's Co, Starbucks Corp and Burger King. "All-day breakfast positions us to regain market share we had given up in recent years," Easterbrook said on a post-earnings conference call, adding it would take at least six more months of positive sales to cement a more sustained turnaround.

Sales at US outlets open at least 13 months rose 5.7% in the quarter ended Dec 31 – the best quarterly growth in nearly four years and far ahead of forecasts of 2.7%. In China, where McDonald's and rival Yum Brands Inc are still recovering from a July 2014 food safety scandal, same-store sales rose 4%, the second straight quarter of growth after four quarters of falling sales. The growth, however, was slower than the 26.8% jump in the July-September quarter, when sales ticked up sharply against a steep drop in the same period in 2014 immediately following the food scare at key supplier OSI Group. McDonald's and Yum, the parent of KFC and Pizza Hut, are slowly turning things around in China, although same-restaurant sales for both firms remain below pre-scandal levels, according to a *Reuters* analysis of available data. "It's back to par rather than getting ahead too much, but it's good for them to see stable sales," said Ben Cavender, Shanghai-based principal at China Market Research Group.

He added it would be tough for the firm to reignite the kind of rapid growth it enjoyed before 2012, as Chinese diners now had far greater choice and often looked for more healthy options. What's more, the recovery comes as the world's second-biggest economy faces its weakest growth in 25 years, a slowdown that has roiled global markets in the past few months. Globally, McDonald's same-restaurant sales rose 5%, above the 3.2% expected by analysts polled by research firm Consensus Metrix. — Reuters

Source: McDonald's wins with all-day breakfast, China ops back on track. *The Star*. (2016, January 27). Retrieved June 6, 2016, from http://www.thestar.com.my/business/business-news/2016/01/27/mcdonalds-wins-with-allday-breakfast-china-ops-back-on-track/

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QUESTION 1

Identify **FIVE** (5) advantages and **FIVE** (5) disadvantages of globalization to operations and logistics at McDonald. (10 marks)

QUESTION 2

Evaluate the strategies being proposed by Steve Easterbrook. To what extend would they help to rectify the underlying problems. Highlight **FIVE** (5) advantages. (10 marks)

QUESTION 3

Discuss **FIVE** (5) risks that an international restaurant company such as McDonald would have by operating abroad rather than just domestically. (10 marks)

QUESTION 4

What is franchising? Using McDonald as example, explain how franchising can be a profitable alternative to FDI. (10 marks)

(Total: 40 marks)

SECTION B: CHOOSE ANY THREE (3) OUT OF FOUR (4) QUESTIONS (60%)

QUESTION 1

a) Discuss **THREE** (3) benefits experienced by focal firms which participate in global sourcing. Provide examples with each benefit to illustrate your answer. (8 marks)

b) Describe **THREE** (3) challenges faced by firms that engage in global sourcing. (6 marks)

c) Identify **THREE** (3) risks in global sourcing related to the use of foreign suppliers. (6 marks)

(Total: 20 marks)

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QUESTION 2

a) Define the term "logistics." Discuss the relationship between production and logistics. (5 marks)

b) Explain why transportation systems should be tailored. (10 marks)

c) Describe the relationship between transportation strategy and competitive strategy. (5 marks)

(Total: 20 marks)

QUESTION 3

a) What is an Information Technology (IT)? (5 marks)

b) How has information technology altered supply chain management? Discuss **THREE** (3) available tools. (15 marks)

(Total: 20 marks)

QUESTION 4

a) What is supply chain management and why is it an important issue for a company's international competitiveness? (5 marks)

b) Identify **FIVE** (5) special requirements of supply chain systems in global environments. (5 marks)

c) Explain **FIVE** (5) differences between domestic and global supply chain. (10 marks)

(Total: 20 marks)

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